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COUNTRY China CONFIDENTIAL

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Communist Control of Business and Taxation,

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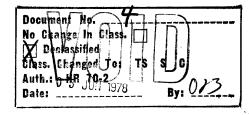
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- Business is at a standstill in Shantung. Dealers are being forced out of l. business by Communist marketing cooperatives, which buy the entire production of many local industries, then sell to the people at pegged prices.
- The real estate market is especially depressed, mainly because of the extremely high taxes. Three separate taxes are levied on real estate owners: A tax on the land, a tax on the buildings occupying the land and a tax on the rentals. Many real estate owners have requested permission to turn their properties over to the Communist Government. Unless the owners can prove that they are completely bankrupt, these requests are seldom granted. Communist authorities believe that real estate operators have long reaped large profits and that they should now suffer losses in order to recommense the Communist Government and the neonle for years of exploitation.
- IUAN I-hsiu (美鱼修), who is a locorotive engineer on the Tsinan-Tsingtao railroad, also owns a great deal of property in Tsingtao, much of which was formerly occupied by the U.S. Marine Corps. LUAN now receives US \$1,000 from some property leased to the British-American Tobacco Company. About US \$150 is left for the support of LUAN's family after the taxes are maid.

This document is heleby regulated to CONFIDENTIAL in accordance with the letter of 16 October 1973 from the Director of Central Intelligence to the Archivist of the United States.

Next Review Date: 2008



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